(b) if so, the steps taken by Government in this regard;

(c) whether it is also a fact that Government are considering to simplify the Fringe Benefits Tax (FBT); and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Yes, Sir. The High Level Expert Committee on Corporate Bonds and Securitization, which submitted its report in December, 2005, has, *inter alia,* recommended that the Tax Deducted at Source rules for corporate bonds should be similar to the ones applicable to the Government securities.

(b) Government has not accepted this recommendation of the Committee as yet.

(c) and (d) The provisions of Fringe Benefits Tax are simple. However, further simplification, if any, would be reflected in the Finance Bill, 2006.

Evaluation of BALCO shares

247. SHRI S.S. AHLUWALIA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the owners of Sterlite Industries (India) Ltd. have opted for acquisition of the residual 49 per cent shares of Bharat Aluminium (BALCO) from Government;

(b) the details of procedure for its acquisition, particularly valuation of these shares and entities eligible for conducting valuation, stipulated in the Shareholders Agreement (SHA);

(c) whether it is a fact that SBI Caps Ltd. has been involved in the valuation process although the SHA did not select it in the list of entities competent for the job; and

(d) if so, the reasons for involving SBI Caps Ltd.?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir.

(b) As per Clause 5.8 of the Shareholders Agreement (SHA) signed between Government of India, M/s Sterlite Industries (India) Limited (SIIL) and Bharat Aluminium Company Limited (BALCO-the Company), upon

the expiry of the third anniversary of the Closing Date (i.e. 2nd March, 2004), and at any time thereafter, the Strategic Partner (SP) shall have the option to issue a notice (Call Notice) to the Government, thereby requiring the government to sell to the SP within a period of 60 (sixty) days from the date of receipt of the Call Notice (the "Call Notice"), all but not less than all the voting equity shares in the Company then held by the Government, (the "Called Shares") and the Government in that event shall be under mandatory obligation to sell the Called Shares as aforesaid. The Parties shall cause the Fair Value of the Called Shares to be determined within 30 days of the date of receipt of the Call Notice.

As per the provisions of sub-clause (a) of Schedule 6.1, in determining the Fair Value of the relevant voting equity shares of the Company, the independent valuer shall take into account various factors, including, but not limited to the following:

(i) Discounted cash flow principles;

(ii) Commonly used valuation multiples of comparable transactions;

(iii) If the Company is listed, the current price of the voting equity shares of the Company as quoted on the stock exchange(s) where they are primarily traded;

(iv) The Securities and Exchange Board of India's guidelines and principles of valuation, if applicable;

(v) Whether such voting equity shares of the Company which are subject to the transaction of purchase and sale constitute minority block or a majority block of all of the issued and outstanding voting equity shares of the Company;

(vi) Whether such equity shares have any contractual rights with respect to the Company attached to them and appropriate discount or premium shall be applied to its valuation on the basis thereof;

(vii) Discounting principles, if the selling party is insolvent, for assuming any restriction and obligations attached to the shares.

As per the provisions of sub-clause (c) of Schedule 6.1 of SHA, the following entities and successors are acceptable to the Parties as the

independent valuer to be appointed pursuant to sub-clause (a) of Schedule 6.1:

(i) Arthur Andersen & Associates

(ii) KPMG Peat Marwick

(iii) Ernst & Young

(iv) Price Waterhouse Coopers

(v) A.F. Ferguson & Co.

Further, as per the provisions of sub-clause (d) of Schedule 6.1, the Parties agree that the list of entities in sub-clause (c) of Schedule 6.1, shall be subject to such additions and modifications as the Parties may mutually decide from time to time.

(c) and (d) After receipt of the Call Option Notice from the Strategic Partner, the process of the valuation of the shares was initiated by the Ministry of Mines as per provisions of schedule 6.1 of SHA. During the processing of bids as well as subsequently, it was seen that all the entities were found to be ineligible due to 'conflict of interest'. As such, in view of clause (d) of Schedule 6.1 of SHA, new entities in consultation with the Strategic Partner were short listed and thereafter SBI Capital Markets Limited (SBI Caps) was appointed as the independent valuer on 26.12.2005.

Rate of Interest in Agriculture Sector

†248. SHRI KRIPAL PARMAR: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that agriculture sector is being provided loan at a lower rate of interest from public and private banks; if so, what is this rate of interest;

(b) whether it is also a fact that corporate banks in the country are not providing loan to the agriculture sector at that low rate of interest which is being provided by other banks; and

(c) if so, the reasons therefor and the steps Government are taking to provide loan to agriculturists at a minimum and uniform rate of interest from the banks of all sectors in the country?

† Original notice of the question was received in Hindi.